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FISCAL IMPACT STATEMENT

LS 6656

BILL NUMBER: HB 1347

NOTE PREPARED: Feb 2, 2009

BILL AMENDED: Feb 2, 2009

SUBJECT: Net Metering and Interconnection Rules.

FIRST AUTHOR: Rep. Dvorak

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Indiana Utility Regulatory Commission (IURC) to adopt emergency rules amending the IURC's net metering and interconnection rules for electric utilities. It provides that the amended rules must: (1) make net metering available to certain specified customer classes; (2) allow a net metering customer to interconnect a generating facility with a nameplate capacity of five megawatts or less to the distribution facility of an electric utility; and (3) allow a net metering customer to interconnect a generating facility that makes use of certain specified technologies.

The bill provides that the existing rules are void to the extent they do not comply with the requirements for the amended rules. It also requires the IURC to report to the Regulatory Flexibility Committee on the IURC's progress in adopting the amended rules.

Effective Date: Upon passage.

Explanation of State Expenditures: *IURC:* This bill requires the IURC to adopt rules on net metering and interconnection of electric utilities and report to the Regulatory Flexibility Committee on its progress in adopting the rules. It is estimated that the IURC will be able to implement this provision with its existing level of resources.

State and Local Government Utility Expenditures: The bill includes state and local governments in the class of electricity consumers which must be offered net metering services. Under current IURC rules (170 IAC 4-4.2) investor-owned electric utilities (IOEU) must offer net metering to residential customers and K-12 schools that install a net metering facility. Currently, IOEUs may, but are not required, to offer net metering to state and local governments. The bill would require all electric utilities to offer net metering to state and

local governments, as well as other customer classes as listed in the bill. To the extent that any governmental entity chooses to utilize net metering, there could be a decrease in that entity's electric utility expenditures. The impact will ultimately depend on the amount of revenue the state or local agency can generate through the sale of renewable energy back to an electric utility. The amount of this revenue will be impacted by the current use of the renewable energy by the state or local agency. If the governmental entity currently uses the renewable energy to supplement electricity use, the overall impact will be determined by the difference between the value of the current use of that energy versus the price the energy may be sold back to the electric utility.

(Revised) *Background* - As stated by the U.S. Department of Energy, "net metering allows consumers to offset the cost of electricity they buy from a utility by selling renewable electric power generated at their homes or businesses back to the utility. In essence, a customer's electric meter can run both forward and backward in the same metering period, and the customer is charged only for the net amount of power used."

As used in this bill, the term "electric utility" does not include rural electric membership cooperatives (REMCs).

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Revenues*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: United States Department of Energy website;
http://www.eere.energy.gov/states/alternatives/net_metering.cfm.

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